

USAID Grant Agreement No. 391-G-00-02-00001-04

STRATEGIC OBJECTIVE GRANT AGREEMENT

AMENDMENT NUMBER FOUR

BETWEEN THE

UNITED STATES OF AMERICA

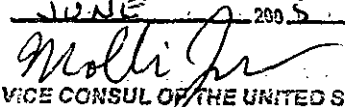
AND

THE ISLAMIC REPUBLIC OF PAKISTAN

FOR

EDUCATION SECTOR REFORM SUPPORT PROGRAM

May 26, 2005

Islamic Republic of Pakistan	}	SS:
City of Islamabad		
Embassy of the		
United States of America		
I, Vice Consul of the United States of America at Islamabad, Pakistan duly commissioned and qualified, do hereby certify that the foregoing is a true and faithful copy of the original, the same having been carefully examined by me and compared with the said original and found to agree therewith word for word and figure for figure.		
IN WITNESS WHEREOF I have here unto set my hand and affixed the seal of the Embassy of the United States of America at Islamabad, Pakistan, this <u>22nd</u> day of <u>JUNE</u> 200 <u>5</u>		
 VICE CONSUL OF THE UNITED STATES OF AMERICA		

AMENDMENT NUMBER FOUR TO THE STRATEGIC OBJECTIVE GRANT AGREEMENT between the Government of the United States of America, acting through the United States Agency for International Development (USAID) and the Government of Pakistan (GOP), acting through the Economic Affairs Division of the Ministry of Finance, hereinafter referred to as "Grantee".

WHEREAS, The GOP and USAID entered into a Strategic Objective Grant Agreement (SOAG) for the Education Sector Reform Support Program, Grant Agreement No. 391-G-00-02-00001-00 dated August 9, 2002, as subsequently amended.

WHEREAS, USAID and the Grantee wish to further amend this Agreement to increase the USAID contribution by FIFTY-ONE MILLION, SIX HUNDRED TWENTY-EIGHT THOUSAND, SIX HUNDRED TWENTY-NINE U.S. DOLLARS (US\$51,628,629), for a total amount of ONE HUNDRED FIFTEEN MILLION, NINE HUNDRED TWO THOUSAND, SEVEN HUNDRED SEVENTY-TWO U.S. DOLLARS (US\$ 115,902,772).

NOW THEREFORE, the Strategic Objective Grant Agreement is amended as follows:

Amendments to Section 3.1, USAID Contribution:

- (a) The Grant. Section 3.1(a) is amended by deleting the amount of SIXTY FOUR MILLION, TWO HUNDRED SEVENTY-FOUR THOUSAND, ONE HUNDRED FORTY-THREE U.S. DOLLARS (US\$64,274,143) and inserting the amount of ONE HUNDRED FIFTEEN MILLION, NINE HUNDRED TWO THOUSAND, SEVEN HUNDRED SEVENTY-TWO U.S. DOLLARS (US\$ 115,902,772) in lieu thereof.
- (b) Total Estimated USAID Contribution. Section 3.1(b) is amended by deleting the amount of USAID's total estimated contribution to achievement of the objective, ONE HUNDRED MILLION U.S. DOLLARS (US\$100,000,000), and inserting the amount of TWO HUNDRED SIXTY-FOUR MILLION, NINE HUNDRED THIRTY-SIX THOUSAND, FIVE HUNDRED SEVENTY-SEVEN U.S. DOLLARS (US\$ 264,936,577) in lieu thereof. Any subsequent increments to the Grant will be subject to the availability of funds to USAID for this purpose and the mutual agreement of both parties, at the time of each subsequent increment, to proceed.
- (c) If at any time USAID determines that its contribution under Section 3.1(a) exceeds the amount which reasonably can be committed for achieving the Objective, Results or Activities during the current or next U.S. fiscal year, USAID may, upon written notice to the Grantee, adjust the excess amount, thereby reducing the amount of the Grant as set forth in Section 3.1(a). Actions taken pursuant to Section 3.1(c) will not revise USAID's total estimated contribution set forth in Section 3.1(b).

Amendment to Article 4, Completion Date:

Article 4 (a) is amended by deleting the completion date of September 30, 2006 and inserting September 30, 2007 in lieu thereof.

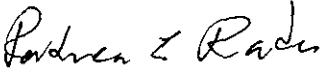
Amendment to Section 2.3, Annex 1, Amplified Description:


In accordance with Section 2.3 of the original Agreement, Annex 1, Amplified Description, is deleted in its entirety and replaced with the attached Annex 1, Amplified Description.

All other terms and conditions of this Agreement remain unchanged and in full force and effect.

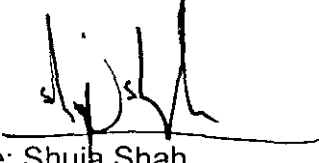
IN WITNESS WHEREOF, the United States of America and the Government of Pakistan, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day, month and year shown on the cover page of this AMENDMENT NUMBER FOUR.

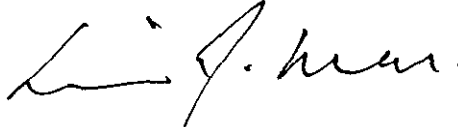
UNITED STATES OF AMERICA

By: 
Name: Patricia L. Rader
Title: Acting Director, USAID Mission to Pakistan

By: 
Name: Christina B. Rocca
Title: Assistant Secretary of State

THE ISLAMIC REPUBLIC OF PAKISTAN

By: 
Name: Shuja Shah
Title: Secretary, Economic Affairs Division

By: 
Name: Hina Rabbani Khar
Title: Minister of State for Economic Affairs

AMPLIFIED PROGRAM DESCRIPTION

I. Introduction

This annex describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Annex 1 shall be construed as amending any of the definitions or terms of the Agreement.

II. USAID Education Program

USAID has developed a plan for a \$265 million, five-year education program. This program will support five of the seven objectives outlined in the GOP's Education Sector Reform Strategy. The goal of this program is to provide the knowledge, training, and infrastructure necessary to help officials and citizens develop high quality education programs throughout Pakistan.

Activities are underway in the Balochistan and Sindh Provinces, and in the national capital area. Balochistan and Sindh provinces are being targeted based on consultations with senior GOP education officials and other donors working in Pakistan. Teacher training, capacity building for local governance in education, and public private partnerships activities will also be undertaken through a country wide approach. Planned activities build on past successful USAID, other donor and civil society programs, both in Pakistan and other parts of the world.

Strategic Objective: To provide the knowledge, training and infrastructure necessary to help officials and citizens develop high quality education programs for girls and boys throughout Pakistan

Intermediate Results:

(1) Increased provincial and district level participation in education sector planning and policy-reform: Assist the GOP and provinces to strengthen national and local capacity to improve education sector policies and plan and implement effective primary education programs (with particular emphasis on expanding access to education for girls). Literacy for adults (especially women) and out-of-school youth will also be a focus of this effort, as will support for improvements in education testing and assessment. The Parties will strive to develop mechanisms to solicit feedback on best practices and lessons learned from all levels in the education hierarchy, from the tehsils to the districts, provinces and federal Ministry when devising and updating education sector plans and policies. The Parties will likewise use these mechanisms to "field test" new curriculum approaches.

(2) Increased entry and in-service training for teachers and school administrators: Provide training to school teachers to improve the quality of both public and private sector education. The Parties will develop the capacity of existing teacher training institutes to train primary school teachers, particularly female teachers. The Parties will also enhance training opportunities for school principals and local school administrators on policy and planning implementation, and improve higher education standards and curriculums. Local resource centers will be established or enhanced to ensure "in-service" training for veteran teachers and administrators.

(3) Increased literacy among adults and out-of-school youth: Under the GOP's devolution plan and strategy, literacy offices will be established in districts countrywide. The Parties will develop new mechanisms to promote and teach literacy to adults and out-of-school youth. Resources may be directed towards strengthening the capacity of provincial and district-level literacy offices and seeking their views about how best to increase literacy at the local level. New distance learning technologies offer another modality for bringing literacy lessons to remote areas and/or customizing a literacy campaign for a particular area. Activities include: (1) strengthening the managerial and administrative capacity of the National Literacy Cell of the Ministry of Education and selected new district literacy offices; and (2) analyzing and testing the use of technology for distance education focused on literacy training. USAID will also consider limited use of appropriate technology to link some of the federal and provincial literacy offices.

(4) Expand public-private partnerships to improve access to and quality of education: The Parties will reach out to existing sources of support for education in the private sector and solicit suggestions for better mobilizing resources for more schools in Pakistan. USAID will build upon its past experiences working with NGOs in Pakistan to encourage and support public-private partnerships that: (a) increase resources available for education and literacy programs; (b) strengthen community involvement in primary education and adult and youth literacy programs; (c) expand access to education for girls; (d) improve education quality; and (e) facilitate development of skills needed for a developing economy and society. Examples include: 1) a school to work project that supports the GOP's vocational and technical training institutions at the provincial level; 2) creating linkages with industry; 3) organizing parent/teacher associations to work with communities to ensure that the physical infrastructure needed to encourage girls to attend school exists in primary schools; and, 4) work with the National Education Foundation (NEF) and the four provincial education foundations to expand and improve the delivery of private sector support for public schools.

(5) Establish a cadre of expertise and leadership in a variety of fields through in-country and U.S based scholarship programs: Increased capacity of higher education institutions as a result of training received through in-country and U.S.-based graduate degree study. In collaboration with the Ministry of Education, the Higher Education Commission (HEC) and local Institutions, USAID will establish and implement a Fulbright-USAID-HEC graduate degree scholarship program, providing approximately 100 scholarships for graduate degree studies in the United States.

annually as well as in-country scholarship program for 1,000 students. A joint research and exchange linkages program will be designed to promote research and exchange between institutions of higher education in the United States and Pakistan. These exchanges will extend to and include capacity building for teacher training colleges. These and similar collaborations will further develop institutional capacities in Pakistan institutions of higher education to analyze and provide solutions to a variety of social and economic problems facing the country. USAID also intends to provide funding to the United States Education Foundation Pakistan - Fulbright Commission for implementation of the above activity

III. Funding

Illustrative Financial Plan: The illustrative plan for the Agreement is set forth in the following table:

(in US\$ millions).

Education Program	2002	2003	2004	2005	2006	2007
USAID Contribution - excluding AID/W withholdings:						
USAID Contribution	\$15.358	\$21.500	\$27.417	\$51.029	\$51.203	\$51.203
Program Management	0	0	0	0.600	0.500	0.500
AID/W Withholdings:						
Fulbright – USAID Scholarship Program	0	0	0	\$15.000	\$15.000	\$15.000
IT Cost Recovery	0	0	0	0.027	TBD	TBD
Parking Fines	0	0	0.583	0.017	TBD	TBD
Total Estimated USAID Contribution	15.358	21.500	28.000	66.673	66.703	66.703
GOP Contribution	8 (Rs. Billion)	9 (Rs. billion)	12 (Rs. billion)	14 (Rs. billion)	17 (Rs. billion)	TBD

Changes may be made to the Financial Plan by representatives of the Parties without formal amendment to the Agreement, if such changes do not cause USAID's

contribution to exceed the amount specified in Section 3.1 of the Agreement, or the Grantee's contribution to be less than the amount specified in Section 3.2 of the Agreement.

IV. Indicators

Specific targets for the following indicators will be set in sub-agreements and may be incorporated into this Agreement without formal amendment to the Agreement but with written notice to both parties. Illustrative indicators of program success for all four intermediate results include:

- Improved school enrollment in targeted areas as reported by implementing partners dropout and the Ministry of Education under the Education Management Information System (EMIS) in USAID-assisted areas.
- Increased federal and provincial expenditures on education at all levels as a percentage of GDP.
- Increased number of teachers, education administrators and school principals... trained in USAID-assisted areas.
- Increased number of public-private partnerships for education service delivery in USAID-assisted areas, and the number of partnerships that achieve measurable success towards their objectives.
- Increased literacy rate, as a percentage of the population aged ten years and older that have the ability to read a newspaper, write a simple letter, and perform a simple math calculation (addition and subtraction).
- Disparities between education for girls and boys reduced in USAID-assisted areas.
- A total of 1,500 scholarships awarded – 1,000 in-country and 500 U.S based Scholarships.
- 40,000 youth age 15-29 provided with vocational and technical training
- Supplementary career and technical training offered to 180,000 secondary school students in public schools.

For all indicators, the Parties agree to use definitions contained in the Pakistan Integrated Household Survey.

V. Activities/Activity Selection

Two specific activities for implementing this Agreement have been identified. These are grants awarded in 2002 to the Aga Khan Foundation and to the Children's Resources International to develop and carry out initial training programs focused on early childhood learning in select sites. The bulk of the remaining activities will be selected after a competitive grant or contract selection process conducted by USAID with participation from the Ministry of Education. Criteria for selection of grant or contract proposals will include the proposing organization's technical approach and program description, management structure (including the choice of key personnel), institutional capacity, past performance in like circumstances, and degree of grantee

reliance on Pakistani institutions and expertise for implementation. Proposals will also be expected to take into account ongoing activities of other donors in the education sector to avoid duplication.

VI. Monitoring and Evaluation

The Parties will monitor and evaluate progress towards the Strategic Objective at three levels

1. National Level – Annual joint monitoring missions of the Government and USAID teams and Annual Review of joint mission results and other relevant assessments.
2. Provincial Level – Joint monitoring missions of respective provincial government and project implementation units on a quarterly basis.
3. District Level – Community or beneficiary-based monitoring and evaluation on a regular basis to be agreed with local stakeholders.

In addition, this program will include internal and external evaluations, financed by monies in this Agreement. Internal audits and external evaluations will be carried out by a highly qualified, external organization through a third party monitoring an evaluation contractor.

USAID's implementation agreements, whether contracts, grants or cooperative agreements, also contain provisions for regular monitoring and evaluation of activities conducted there under. USAID's Regional Inspector General in Manila, Philippines may also undertake performance audits of activities under this Agreement from time to time. The Parties also undertake, as much as possible, to publicize the undertakings in this Agreement on public websites in Pakistan so that the citizens of Pakistan can monitor progress towards results hereunder.

VII. Other Implementation Issues

The prevailing security situation in Pakistan may pose unique challenges for implementing activities under this Agreement. The Parties recognize that implementation may be delayed from time-to-time in response to unexpected events and will make every effort to reduce such delays if and when they occur. To minimize such disruptions, the Parties agree to seek implementation partners that can move as freely as possible throughout Pakistan, even during periods when expatriate personnel may be forced to leave the country unexpectedly.